

# Influence of Transformation Leadership Style on Employee Engagement among Generation Y

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**Abstract**—The aim of this research is to determine the influence of transformation leadership style on employee engagement among Generation Y. The growing of Generation Y employees in Malaysia has raised concerns about how to engage and motivate this cohort. Transformation Leadership style is one of the key factors to increase employee engagement levels in the organization. This study has proven to be important for the researchers and the organization to properly understand the concept of employee engagement, transformation leadership style and their relationship. The samples in this study included 221 respondents of Generation Y who are currently working in Selangor and Klang Valley area in Malaysia. The data were collected using questionnaires and analyzed by using Statistical Package for Social Science (SPSS). The results show that there is a significant relationship between the dimension of intellectual stimulation, inspiration motivation and individual consideration on employee engagement. In contrast, the results have revealed that there is no significant relationship between idealized influences of a leader on employee engagement among Generation Y.

**Keywords**—Employee engagement, gen Y, transformational leadership styles, survey.

## I. INTRODUCTION

EMPLOYEE engagement has been receiving a great deal of interest widely. A lot of evidence shows there was direct relationship between employee engagement with performance and organization profitability [1]. Thus, suggesting organizations should spend a lot of resources such as capital, to measure and improve employee engagement in the workplace [2]. Employee engagement also displays a deep and positive emotion to connect their employees with work [3].

The workforce of an organization is dynamic and continuously changing with elderly employees progressively retiring and younger cohorts beginning their professional careers [4]. The demands and preferences of new generations will create some new issues and concerns to society. Also, it also leads to greater concerns in society about the influence of employee engagement, motivation, productivity, employee retention and turnover [5]. Thus, the organization needs to be more concerned about the new generation in order to develop business productivity and overall organizational performance.

The rise of the Generation Y cohort, otherwise called Millennials, with their special personalities generate a lot of

questions [6]. Thus, the business leaders have to adapt to the changes and develop appropriate leadership behaviors in order to attract and retain Generation Y in the organization [7]. The leader plays an important role in founding and promoting the culture of work engagement [8]. Thus, to achieve this, leaders' behavior should be the first priority in influencing their employees to deliver effective performances such as in making good decisions, being open minded, and effort that help to accomplish organizational goals [9]. These leaders are known as transformational leaders [10], whose attitude and actions can cause employee to become engaged.

## II. LITERATURE REVIEW

The term employee engagement was first defined as the simultaneous employment and expression of a person's preferred task behaviors that encourage connections to work, individual existence, and full involvement in role performances [11]. According to Scarlett Surveys, "Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization, which strongly influences their willingness to learn and perform at work" [12]. Employees who are highly engaged are ready to put extra effort to attain organizational goals [3], and at high levels of engagement will drive the organization to outbid competitors in terms of performance, productivity, profitability and customer satisfaction [13].

Engagement requires leaders to support employees in solving problems and to motivate them to be more committed [14], as well as manages employees' career aspirations [8]. Many organizations practice two-way communication to ensure the effectiveness of business performance [15]. According to [16], an organization can gain a competitive advantage through employee engagement, especially when they able to effectively manage Generation Y [17].

Early literature, such as [18], pointed out that transformational leadership style focuses on inspiration vision to engage and encourage their subordinates to gain the valuable organizational goals such as higher outputs, better services and solving social problems, which are crucial in helping the organization remain a success.

## III. OBJECTIVES

The objective of this study is to explore the four dimensions of transformation leadership style that exerts an influence on employee engagement among Generation Y. Specifically, the research objectives are: 1) To study the idealized influence dimension of transformation leadership on employee engagement among Generation Y. 2) To study the intellectual

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stimulation dimension of transformation leadership on employee engagement among Generation Y. 3) To study the inspirational motivation dimension of transformation leadership on employee engagement among Generation Y. 4) To study the individual consideration dimension of transformation leadership on employee engagement among Generation Y.

#### IV. ANTECEDENTS OF EMPLOYEE ENGAGEMENT

Research on employee engagement is continuously receiving attention from scholars; however, it is rarely studied in academic literature and thus, little is known about its antecedents and consequences [3]. According to [11], there are seven antecedents of employee engagement such as job characteristics, perceived organizational and supervisor support, rewards and recognition, distributive and procedural justice. For the job characteristics, the employer can provide different job characteristics such as challenging work, agree to use different skills, and deliver opportunities to make decisions to achieve psychological meaningfulness. Thus, jobs that consist of high core job characteristics give employee more motivation to be engaged [11]. Additionally, [11] stated the psychological commitment can be promoted by supportive interpersonal relationships and management. In order words, when employees believe that their organization is concerned about their well-being, they are likely to respond and make an effort to fulfill their obligations and be engaged [3]. Further [3], stated that amount of rewards and recognition for their role performances also contribute in driving the level of employee engagement.

In terms of the effect of distributive and procedural justice perceptions, [11] stated that when employees have high insights of justice in their organization that they are more likely to feel fair and appreciated [3]. Training and development can also contribute to promoting engagement as through training employees gain the new knowledge and skills. [13]. Further, proper communication helps motivate employees in decision making, and as employees decision are heard, they become more engaged [13].

#### V. GENERATION Y

Generation Y is committed, loyal and wishes to be involved and included. This generation is highly educated, technosavvy, well-traveled, confident, independent, and goal-oriented [19]. They are also willing to work beyond their job scope, flexible schedules, and expect much from their employers [20]. However, literature also believes Gen Y is lazy and plays with their own technical tools [21].

#### VI. SIGNIFICANCE OF LEADERSHIP

Effective leadership helps workers to perform and fulfill the organization's needs. Thus, they should be able to communicate clearly organization's mission, vision, goals and create innovation to provide a sustainable competitive advantage [22].

#### VII. TYPE OF LEADERSHIP STYLE

##### A. Autocratic Leadership

Autocratic leadership is a classical approach and some management still uses this style to determine the policies, activities and goals of the organizations. The leader reserves the higher authority to make decisions and does not refer to their staff in the organization [23]. They deliver a clear expectation about what, when and how it should be done [24].

##### B. Democratic Leadership

Democratic leadership is known as participative style because it offers a clear direction to group members in the organization. They encourage employees to be a part of the decision making and allow inputs from other group members [22].

##### C. Laissez-Faire Leadership

Laissez-faire leadership is also recognized as the "hands-off" style. The leader delivers minimal information and no direction about the task and allows the employee to complete jobs independently [25].

##### D. Transactional Leadership

Transactional leadership addresses the physical and psychological needs of the employee [26], as well as organizational rewards and punishments to influence the organization performance [27]. Transactional leaders normally use organizational bureaucracy, policy, power and authority to control the employees to achieve the objectives of the organization [28].

##### E. Transformational Leadership

Transformational leaders encourage employees to go beyond their own self-interests and self-realization. According to [18], leaders of this type improve the sensitivity of the subordinates about the issues of consequence, growth, self-actualization and ideals. They show "superior leadership performance" as they are able to motivate the subordinates to go beyond their individual self-interest [27].

##### F. Dimensions of Transformation Leadership Style

Transformational leadership contained of four dimensions which are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration [10]. The idealized influence (charisma) mean being influential about ideals [27]. The characteristics of this leader include honesty, open-minder, and self-determination and risk taker [29]. They act as strong role models who display higher moral standards, and influence people to do the right thing [10]. The inspirational motivation describes the leader who states a vision to attract and encourage the employees [30], and capable of establishing a vision and communicate to build support for their organizational goal [31]. The intellectual stimulation emphasizes the awareness of problems, encourages their employees to try new things and view problems from a new point [31], as well as stimulates them to become more creative and able to take risk [10]. Finally, the individualized consideration was described as the degree to

which the leaders will treat each employee, by trying to consider their personal interests as much as a leader could [10], and provide one to one encouragement, support and coaching them to ensure highest performance towards the organization's goal [27], [31]. The leaders also develop the necessities of the follower and delegate assignments as opportunities for growth [27].

#### Transformation Leadership Style and Employee Engagement

According to [11], leadership has the greatest potential to influence follower feelings of psychological safety by providing a supportive environment. Further, [11] said that transformational leadership can develop an employee to become more engaged, especially when they can make them participate with the organization's goal. In addition, according to [32], employee engagement significantly affects loyalty and commitment when leaders successfully adapted the transformation leadership.

#### Idealized Influence Dimension and Employee Engagement

Idealized influence refers to the behaviors of the leader as a role model and creates a wonderful image with self-confidence to make employees engage in the workplace [32]. Additionally, [33] pointed that this style has a positive influence on their followers and can change the future view of employees from negative to positive. Thus, it will make subordinates become more engaged with the vision and be willing to make more sacrifices to achieve the organizational goals [9]. Based on that, this study has developed the first hypothesis as:

- **H<sub>1</sub>**: There is a significant relationship between the idealized influence dimensions and employee engagement among Generation Y.

#### Intellectual Stimulation Dimension and Employee Engagement

Intellectual stimulation is when the leaders take a step in challenging employees' sensitivity and their ability to solve problems [33]. This includes the leader provides challenges to make their subordinates more active in thinking and looking at problems from different perspectives. Therefore, employees become more involving and engaging in the organization [9]. There is evidence, which has been confirmed by previous studies that has examined the relationship between the intellectual stimulation dimensions of transformation leadership on employee engagement [17]. Therefore, the second hypothesis was developed as:

- **H<sub>2</sub>**: There is a significant relationship between the intellectual stimulation dimension and employee engagement among Generation Y.

#### Inspirational Motivation Dimension and Employee Engagement

Inspirational Motivation is related to leaders who motivate employees within the entire organization. Leaders with the inspirational motivation challenge followers with high standards and provide the meaning to the task. The leaders

care their subordinates by inspiring them to stay energized and engaged in the organizational aims and chief missions [9]. There is evidence that has been confirmed by previous studies which have examined the relationship between the inspirational motivation dimensions of transformation leadership on employee engagement [17]. Based on that, this study has developed the third hypothesis as:

- **H<sub>3</sub>**: There is a significant relationship between the inspirational motivation dimensions and employee engagement among Generation Y.

#### Individualized Consideration Dimension and Employee Engagement

Individualized consideration refers to those leaders who recognizes and rewards their subordinates accordingly [10]. Some studies have found that the individualized consideration dimension of transformation leadership is positively related to employee engagement [17]. Thus, the forth hypothesis was developed as:

- **H<sub>4</sub>**: There is a significant relationship between the individualized consideration dimension and employee engagement among Generation Y.

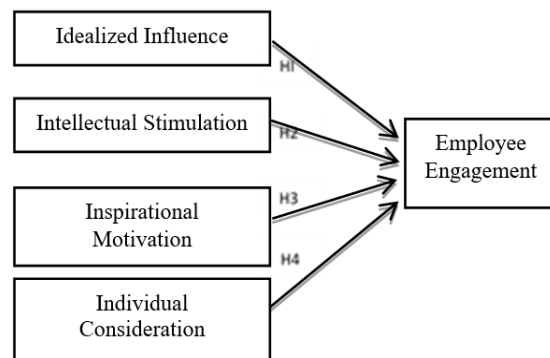


Fig. 1 The research framework

## VIII. METHODOLOGY

Data were gathered using primary sources, where 250 questionnaires were distributed to respondents in the Klang Valley and Selangor areas in Malaysia. These areas are the major cities with high density populations. The target population involved all employees belonging to Generation Y cohort, from different organizations. According to the Department of Statistics Malaysia (2012), the total number of employees of Generation Y is about 6.56 million. In this study, convenience sampling was adopted.

The items used to measure employee engagement were based on the measurement by [34], [35]. There were a total of 14 items. Meanwhile, items such as idealized influence (10 items), intellectual stimulation (10 items), inspirational motivation (13 items), and individual consideration (eight items) were all adapted and adopted from [36]. Each item was appraised by a 5 point Likert scale, from 5= Strongly agree to 1= Strongly Disagree.

## IX. FINDINGS AND DISCUSSION

Table I shows the demographic profile for this research. Female respondents contributed 75.1%, while the male was 24.9%. The majority of the respondents were aged 26-30 years old with 47.1%, followed by the aged group 21-25 years old with 25.8%, while 23.5% are aged group 30-36 years old, and only 3.6% are aged group under-21 years old. The summary of respondents' profiles is shown in Table I.

TABLE I SUMMARY OF RESPONDENTS PROFILE		
	Frequency	Percentage (%)
<b>Gender</b>		
Male	55	24.9
Female	166	75.1
<b>Age Group</b>		
Under 21 years	8	3.6
21-25 years	57	25.8
26-30 years	104	47.1
31-36 years	52	23.5
<b>Educational Level</b>		
PhD	5	2.3
Master's Degree	80	36.2
Bachelor's Degree	121	54.8
SPM	11	5.0
PMR and UPSR	0	0
Others	4	1.8
<b>Job title</b>		
CEO/ President	0	0
Professional/ Technical	36	16.3
Executive	71	32.1
Division Head	15	6.8
Manager/ Supervisor	28	12.7
Administrative/ Clerical	53	24.0
Others	18	8.1
<b>Work Experience</b>		
Less than 1 year	52	23.5
1-5 years	74	33.5
6-10 years	68	30.8
More than 10 years	27	12.2
<b>Total</b>	<b>221</b>	<b>100</b>

Cronbach's alpha for Employee Engagement (0.74), Idealized Influence (0.73), Intellectual Stimulation (0.76), Inspirational Motivation (0.80) and Individual Consideration (0.70) have achieved a good level of reliability, which exceeded 0.7, and thus, has stable and high internal consistency.

For the hypothesis testing, the relationship between Employee Engagement and independent variables (Idealized Influence, Intellectual Stimulation, Inspirational Motivation and Individual Consideration) were measured. Based on the coefficients result, the idealized influence has a significant value of 0.200, which means  $p > 0.05$  indicated that there is no significant relationship between this variable and employee engagement of Generation Y. Thus,  $H_1$  was rejected. For the item of intellectual stimulation, the significant value was 0.000, this mean there was a significant relationship between

this variable and employee engagement among Generation Y.  $H_2$  was accepted. The third item, inspirational motivation has significant value of 0.002, which suggested that there is a significant relationship between this dimension and employee engagement among Generation Y.  $H_3$  was accepted. The fourth item, individual consideration has a significant value of 0.000, and thus, there was a significant relationship between this dimension and employee engagement among Generation Y.  $H_4$  was accepted.

## X. CONCLUSIONS

This study provides feedback to leaders to use the appropriate type of leadership styles when managing Generation Y in order to make them more engaged. Acknowledging the special characteristics of Generation Y, it is a must for every organization to specifically address their needs and expectation that meet both parties with those variables that can influence employee engagement such as reward, punishment, social influence and etc.

Based on the findings, the research has found that the idealized influence dimension has a negative relationship with employee engagement. This suggests that this type of transformation leadership is not related to employee engagement, and this result is supported by a previous study which showed that an increase in idealized influence leader behavior will lead to a decrease in employee engagement [17]. Further, for the dimension of intellectual stimulation, the result has the highest effect with beta weight 0.332, which means this dimension has the most significant influence for employee engagement of Generation Y. This result is confirmed by previous studies which noted that this leader behavior will enhance the levels of employee engagement and good for accomplishing the organizational goals [17] and [9].

Motivation is very important in any organization as it stimulates energy for people to continue engaging and committing to a job. The result shows the significant value of the inspirational motivation dimension. This result is confirmed by [9]. Further, it was stated that the individual consideration of a leader also plays an important role in influencing employee engagement on Generation Y. The results also show the significant value of the individual consideration dimension. This result was in line with [17].

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